LAW REFORM COMMISSION OF SASKATCHEWAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2017

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Law Reform Commission of Saskatchewan, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Law Reform Commission of Saskatchewan as at March 31, 2017, and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 24, 2017

Judy Ferguson, FCPA, FCA
Provincial Auditor

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Statement 1

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
As at March 31

	2017	2016
Financial Assets		
Cash	$ 22,828	$ 53,734
Short-term investments (Note 4)	104,280	103,303
Accounts receivable	1,093	7,545
Total Financial Assets	128,201	164,582
Liabilities		
Accounts payable and accrued liabilities	4,921	3,092
Net Financial Assets (Statement 3)	123,280	161,490
Non-financial Assets		
Prepaid expenses	881	163
Accumulated surplus (Statement 2)	$ 124,161	$ 161,653

Commitments (Note 6)

(See accompanying notes to the financial statements)

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF OPERATIONS
For the Year Ended March 31

	Budget (Note 7)	2017	2016
Revenue			
Ministry of Justice - grant	$ 60,000	$ 60,000	$ 60,000
Law Foundation - grant	60,000	60,000	60,000
Interest and miscellaneous	1,000	863	1,031
Total revenue	121,000	120,863	121,031
Expenses			
Salaries and employee benefits	$ 100,710	$ 111,093	$ 71,765
Worker's compensation board premium	-	162	162
Contract labour	11,400	27,520	14,034
Conference and travel	8,550	5,352	5,980
Commissioner's honoraria	3,500	-	-
Office supplies and services	3,500	2,138	505
Online Research	1,200	1,409	1,314
Marketing	500	-	-
Professional fees	4,450	2,901	-
Office rent	3,750	3,682	3,515
Miscellaneous	2,000	3,069	899
Website design and admin	-	1,029	31
Total expenses	$ 139,560	$ 158,355	$ 98,205
Surplus (Deficit) for the year	$ (18,560)	$ (37,492)	$ 22,826
Accumulated surplus, beginning of year		$ 161,653	$ 138,827
Accumulated surplus, end of year (Statement 1)		$ 124,161	$ 161,653

(See accompanying notes to the financial statements)

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2017	2016
Surplus (Deficit) for the year	$ (37,492)	$ 22,826
Decrease (Increase) to prepaid expense	(718)	446
Increase (Decrease) in net financial assets	$ (38,210)	$ 23,272
Net financial assets, beginning of year	161,490	138,218
Net financial assets, end of year (Statement 1)	$ 123,280	$ 161,490

(See accompanying notes to the financial statements)

LAW REFORM COMMISSION OF SASKATCHEWAN
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2017	2016
Cash generated by (used in) operating activities		
Ministry of Justice - grant	$ 60,000	$ 60,000
Law Foundation - grant	60,000	60,000
Interest and miscellaneous revenue	7,315	(5,612)
Cash paid to suppliers and employees	(157,244)	(101,447)
Cash generated by (used in) operating activities	$ (29,929)	$ 12,941
Cash used in investing activities		
Purchase of short-term investments	(104,280)	(103,303)
Proceeds from disposal and redemption of investments	103,303	102,283
Cash used in investing activities	$ (977)	$ (1,020)
Increase (Decrease) in cash	(30,906)	11,921
Cash, beginning of year	53,734	41,813
Cash, end of year	$ 22,828	$ 53,734

(See accompanying notes to the financial statements)

LAW REFORM COMMISSION OF SASKATCHEWAN
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2017

1. Incorporation

The *Law Reform Commission Act* was amended effective November 6, 1987. At that date the Commission became a body corporate and continued the operation of the Law Reform Commission of Saskatchewan.

The purpose of the Commission is to review all the laws of the Province with a view to its systematic development and reform and generally the simplification and modernization of the law.

The Commission is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The Commission is responsible to maintain a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

2. Significant Accounting Policies

The Commission is classified as an other government organization. Accordingly, the financial statements have been prepared in accordance with Canadian public sector accounting standards, issued by the Public Sector Accounting Board and published by the Chartered Professional Accountants of Canada.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

The Commission recognizes contributions as revenue when received and receivable.

c) Financial Instruments

Classification

Cash and short-term investments are classified in the fair value category. Accounts receivable, and accounts payable and accrued liabilities are carried at amortized cost. Due to their short-term nature, the amortized cost of these instruments approximate their fair value. Carrying amounts are in each instance disclosed in the Statement of Financial Position.

Significant terms and conditions

There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows.

Interest rate risk

The Commission is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates.

The Commission does not have any long-term investments that may be affected by market pressures.

The Commission's receivables and payables are non-interest bearing.

Credit risk

The Commission is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

The Commission rarely has accounts receivable. Most of the Commission's receivables are from provincial agencies, federal government and Commission members; therefore credit risk is minimal.

All investments are purchased from and held with major banks; therefore, credit risk for investments and related accrued interest receivables is minimal.

d) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they become known.

e) Remeasurement gains and losses

The Commission has no transactions that would result in remeasurement gains and losses therefore a statement of remeasurement gains and losses has not been prepared.

f) New Accounting Standards Not Yet in Effect

A number of new Canadian public sector accounting standards and amendments to standards are not yet effective for the Commission and have not been applied in preparing these financial statements. The following standards will become effective as follows:

(i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions.

(ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets.

(iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets.

(iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights.

(v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity.

The Commission plans to adopt these new and amended standards on the effective date and is currently analyzing the impact this will have on these financial statements.

3. Designated Assets

The Commission has designated assets to finance future research projects and initiatives at the discretion of the Commission. These designated assets are not available for other purposes without approval of the Commission.

Research Projects and Initiatives	2017	2016
Balance at Beginning of Year	$ 45,682	$ 59,729
Disbursements	(27,643)	(14,047)
Internal increase	80,000	-
Balance at End of Year	$ 98,039	$ 45,682

4. Short-term investments

Short-term investments consist of a guaranteed income certificate with an effective interest rate of 0.55% (2016 - 0.95%).

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan and non-Crown agencies subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as related parties).

Routine operating transactions with related parties are recorded at agreed upon exchange amounts and settled under normal trade terms.

Other related party transactions at year-end are as follows:

	2017	2016
Revenues		
Ministry of Justice	$ 60,000	$ 60,000
Expenses		
Saskatchewan Archives Board	-	150
Saskatchewan Workers' Compensation Board	162	162
Saskatchewan Queen's Printer	125	-
University of Saskatchewan	4,218	3,751

In addition, the Commission pays Provincial Sales Tax to the Ministry of Finance on all its taxable purchases. Taxes paid are recorded as a part of the cost of those purchases.

6. Commitments

The Commission has entered into an agreement to lease office space from the University of Saskatchewan. The lease is for a period of 9 years and 11 months, expiring on February 28, 2027. The future minimum lease payment is as follows:

2017-18	$ 5,521
2018-19	5,521
2019-20	5,521
2020-21	5,521
2021-27	32,667

7. Budget

The Commission approved the 2016-17 budget on March 18, 2016.